Congress of the United States Washington, DC 20515

January 23, 2017

Mr. Timothy Horne Acting Administrator U.S. General Services Administration 1800 F Street, NW Washington, DC 20405

Dear Acting Administrator Horne:

We write to request specific information regarding how the General Services Administration (GSA) is addressing President Donald Trump's apparent breach of the Old Post Office lease agreement his company entered into with the U.S. Government for the Trump International Hotel in Washington, DC.

Article 37.19 of the lease agreement provides:

No member or delegate to Congress, or elected official of the Government of the United States or the Government of the District of Columbia, shall be admitted to any share or part of this Lease, or to any benefit that may arise therefrom...¹

Documents produced by GSA on January 3, 2017, pursuant to the statutory Seven Member Rule confirm that President Trump has a majority ownership interest in the lease. The enclosed chart sets forth the business structure of the Trump Old Post Office LLC and the specific ownership interests of President Trump, his daughter Ivanka Trump, and his sons Donald Jr. and Eric Trump.

On December 8, 2016, GSA's Deputy Commissioner of Public Building Services briefed our staffs on the steps that career contracting officials at GSA would take if a breach occurred. The Deputy Commissioner confirmed repeatedly that Article 37.19 is a categorical ban on any elected official being a party to this lease or taking any financial benefit from it. He explained that this provision is a standard clause that is included in many GSA leases to create a "level playing field" and protect the interests of the American people.

The Deputy Commissioner also explained that GSA disagreed with an alternative interpretation by a former procurement official who suggested that this provision theoretically could be interpreted to ban only officials who were elected at the time the lease was signed, but not those who are elected afterwards.² The Deputy Commissioner confirmed that GSA's position is that this provision applies to all elected officials, regardless of when they are elected.

¹ General Services Administration, Ground Lease, By and Between The United States of America (as "Landlord") and Trump Old Post Office, LLC (as "Tenant") (GS-LS-11-1307) (Aug. 5, 2013) (online at www.gsa.gov/portal/content/305477) (emphasis added).

² To Move Into White House, Trump May Have to Dump DC Hotel, Associated Press (Dec. 1, 2016) (online at www.seattletimes.com/business/lawyers-trump-has-to-sell-dc-hotel-before-taking-office/).

Mr. Timothy Horne Acting Administrator Page 2

The Deputy Commissioner explained that when a GSA contracting official determines that a breach has occurred, he or she would send a letter to the tenant providing the tenant 30 days to remedy the breach. This process is outlined in Article 27.1(b)(ii) of the lease, which provides how the tenant must cure the breach within 30 days after being notified.³ According to the Deputy Commissioner, if the breach is not resolved satisfactorily within this timeframe, the GSA contracting official would normally bring the matter before the U.S. Civilian Board of Contract Appeals.

During the briefing, when our staffs asked about the possibility that an incoming political appointee of the Trump administration may attempt to reverse GSA's legal interpretation of this provision or simply remove the provision from the lease itself, the Deputy Commissioner assured our staffs that GSA contracting officials are independent, base their decisions on the laws and regulations governing the contracts they oversee, and would not change their positions based on inappropriate political influence.

Soon after this briefing, then-President-elect Trump postponed a press conference during which he planned to address questions regarding his many conflicts of interest. At that time, GSA issued a public statement that "no determination regarding the Old Post Office can be completed until the full circumstances surrounding the President-elect's business arrangements have been finalized and he has assumed office."

Two key events have occurred that now bring this issue to a head: President-elect Trump announced during his nationally televised press conference on January 11 that he refuses to divest his ownership interests in his companies, and he took the oath of office on January 20 to be sworn in as President. As a result, President Trump is in apparent breach of the lease with the Federal Government for his hotel in Washington, DC.

In addition, the documents produced by GSA indicate that President Trump's company has reported receiving millions of dollars less in revenue than its own officials projected in the first two months operating the hotel. In fact, President Trump's company reported losses totaling more than \$1.1 million in those two months alone.

Trump Hotel—Monthly Financial Reports to GSA			
	September	October	Total
Estimated Revenue	\$2,087,000	\$4,276,000	\$6,364,000
Actual Revenue	\$1,301,000	\$2,771,000	\$4,072,000
Net Estimated Income	-\$84,000	\$481,000	397,000
Net Actual Income	-\$334,000	-\$825,000	-1,160,000

https://thinkprogress.org/trump-must-sell-hotel-f92cd5b6b6e#.3vu7omva0).

³ General Services Administration, Ground Lease, By and Between The United States of America (as 'Landlord') and Trump Old Post Office, LLC (as 'Tenant') (GS-LS-11-1307) (Aug. 5, 2013) (online at www.gsa.gov/portal/content/305477).

⁴ Trump Must Sell His D.C. Hotel, Federal Officials Tell Congressional Democrats, Think Progress (Dec. 14, 2016) (online at

Mr. Timothy Horne Acting Administrator Page 3

The documents explain that the hotel opening on September 12, 2017, was a "soft opening," but they do not explain why income levels were so far below the company's own projections. The documents do state that the "average daily rate" the hotel commanded during this period was "below budgeted expectations."

The documents include monthly reports only for September and October, and it is possible that subsequent months drew more business and higher income levels. The possibility that President Trump will profit from large increases in hotel revenues because he was elected President highlights the grave concerns we have raised for months about his conflicts of interest and potential violations of the Emoluments Clause of the Constitution.⁵

Finally, there have been multiple reports of liens filed against President Trump's company totaling more than \$5 million as a result of non-payment to contractors. Article 10.1 of the lease requires his company to notify GSA about the existence and cause of all liens on the property, and it gives GSA the authority to resolve liens and be reimbursed by the President's company for interest and reasonable costs and expenses associated with resolving them.

For the reasons outlined above, we request a response to the following questions and requests for documents by February 6, 2017:

- 1. Please explain the steps that GSA has taken, or plans to take, to address President Trump's apparent breach of the lease agreement barring any elected official from being a lessee or deriving any benefit from this agreement.
- 2. Has GSA, or does GSA plan to send, a 30-day letter providing notice that President Trump's company is in apparent breach of the lease agreement? If so, please provide a copy of that document and any attachments.
- 3. Please provide, on an ongoing basis starting with November, monthly reports submitted to GSA by President Trump's company describing revenues and expenses.
- 4. Please explain the steps that GSA has taken, or plans to take, to address liens against the Trump International Hotel in Washington, DC. Please provide copies of any correspondence with Trump Old Post Office LLC that provides notice of how it is addressing liens or documentation of any subsequent GSA action to resolve these liens.
- 5. Please provide copies of all correspondence with representatives of President Trump's company or the Trump transition team regarding the matters above.

⁵ See, e.g., Donald Trump's New York Times Interview: Full Transcript, New York Times (Nov. 23, 2017) (online at www.nytimes.com/2016/11/23/us/politics/trump-new-york-times-interview-transcript.html?_r=1) (stating that "occupancy at that hotel will be probably a more valuable asset now than it was before, O.K.? The brand is certainly a hotter brand than it was before.").

⁶ Third Lien on Trump Hotel Brings Alleged Unpaid Bills to Over \$5 Million, Washington Post (Jan. 6, 2017) (online at www.washingtonpost.com/news/digger/wp/2017/01/06/third-lien-on-trump-hotel-brings-alleged-unpaid-bills-to-over-5-million/?utm_term=.558f185e93aa).

⁷ General Services Administration, Ground Lease, By and Between The United States of America (as "Landlord") and Trump Old Post Office, LLC (as "Tenant") (GS-LS-11-1307) (Aug. 5, 2013) (online at www.gsa.gov/portal/content/305477)

Mr. Timothy Horne Acting Administrator Page 4

We have been raising concerns about this issue for months, and we understand that GSA raised our concerns with the Trump transition team directly several weeks ago. Our hope has always been that President Trump would resolve these breach-of-lease and conflict of interest issues prior to being sworn in as President on January 20. Unfortunately, President Trump has refused to address these concerns, and taxpayer dollars may now be squandered as career public servants are forced to take remedial action to cure this breach.

Thank you for your prompt cooperation with this matter.

Sincerely,

Elijah E. Cummings

Ranking Member

Committee on Oversight and

Government Reform

Peter A. DeFazio

Ranking Member

Committee on Transportation and

Infrastructure

Gerald Connolly
Member of Congress

André Carson

Member of Congress

Encl.

cc: The Honorable Jason Chaffetz

Chairman, Committee on Oversight and Government Reform

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The Honorable Bill Shuster

Chairman, Committee on Transportation and Infrastructure

The Honorable Mark Meadows

Member of Congress

The Honorable Lou Barletta

Member of Congress

Congress of the United States Washington, DC 20515

November 30, 2016

The Honorable Denise Turner Roth Administrator U.S. General Services Administration 1800 F Street, NW Washington, DC 20405

Dear Administrator Roth:

We write to request information about how the General Services Administration (GSA) plans to address the imminent breach-of-lease and conflict of interest issues created by President-elect Donald Trump's lease with the U.S. Government for the Trump International Hotel building in Washington, D.C.

Mr. Trump's lease contains a provision specifically barring any "elected official of the Government of the United States" from deriving "any benefit" from the agreement. We do not see this as an ambiguous provision, but as a strict and categorical ban. The contractual breach threatened by Mr. Trump's swearing-in is compounded by the general and egregious conflict of interest posed by his appointing the GSA Administrator who will oversee this lease with his hotel.

This is not a hypothetical conflict—there is a clear and very real conflict that will be triggered the moment Mr. Trump is sworn in as President of the United States unless concrete steps are taken now to avert it.

The 60-year, \$180 million lease for the Old Post Office building, where Mr. Trump opened the Trump International Hotel, is between the "United States of America" and "Trump Old Post Office LLC," a corporation based in Delaware which the lease identifies as being owned by Mr. Trump and his three adult children, Ivanka Trump, Donald Trump Jr., and Eric Trump. ¹

¹ General Services Administration, *Ground Lease, By and Between The United States of America (as "Landlord") and Trump Old Post Office, LLC (as "Tenant")* (GS-LS-11-1307) (Aug. 5, 2013) (online at www.gsa.gov/portal/content/305477 and www.buzzfeed.com/aramroston/trump-gave-his-kids-a-big-stake-in-huge-government-deal-docu?utm term=.qrG9Jlokr#.bv7Xop1LZ).

The lease agreement explicitly prohibits any elected official of the U.S. Government from serving as a lessee or from obtaining any benefit that may arise from the lease. Article 37.19 of the lease, which is posted on GSA's FOIA reading room, states:

No member or delegate to Congress, or *elected official of the Government of the United States* or the Government of the District of Columbia, shall be admitted to any share or part of this Lease, *or to any benefit that may arise therefrom*; provided, however, that this provision shall not be construed as extended to any Person who may be a shareholder or other beneficial owner of any publicly held corporation or other entity, if this Lease is for the general benefit of such corporation or other entity.²

Mr. Trump will become "an elected official of the Government of the United States" when he takes office as President in January 2017. Even if Mr. Trump transfers control of the Trump International Hotel to his children or places it into a trust, he will still derive a financial benefit, thereby violating the terms of the lease.

On November 15, 2016, federal procurement experts Steven L. Schooner and Daniel I. Gordon warned that this deal "presents unprecedented and intolerable conflicts of interest." They explained that "having the president's adult children negotiate with the staff of the president's appointee at GSA presents what any reasonable person would view as the appearance of a conflict of interest." As a result, they urged Mr. Trump and GSA to "negotiate a mutually agreeable termination and transfer to an unrelated firm."

Federal contracting rules prohibit awarding "a contract to a Government employee or to a business concern or other organization owned or substantially owned or controlled by one or more Government employees." The rationale for this policy is "to avoid any conflict of interest that might arise between the employees' interests and their Government duties, and to avoid the appearance of favoritism or preferred treatment by the Government toward its employees." While the contract has already been awarded to Mr. Trump's company, the rationale for avoiding conflicts certainly applies to the President-elect.

GSA has authority under Article 5.3 of the lease to obtain "detailed information" from Mr. Trump about "the financial affairs of Tenant." As a result, GSA has the authority to inquire

² General Services Administration, *Ground Lease, By and Between The United States of America (as "Landlord") and Trump Old Post Office, LLC (as "Tenant")* (GS-LS-11-1307) (Aug. 5, 2013) (online at www.gsa.gov/portal/content/305477) (emphasis added).

³ See, e.g., Trump Leases His D.C. Hotel From a Government Agency He'll Soon Be in Charge Of, Washington Post (Nov. 15, 2016) (online at www.washingtonpost.com/posteverything/wp/2016/11/15/trump-needs-to-give-up-his-trump-hotel-lease-right-now/?utm_term=.938c05f9cefd).

⁴ Federal Acquisition Regulation 3.601.

⁵ General Services Administration, Ground Lease, By and Between The United States of

The Honorable Denise Turner Roth Page 3

now as to how Mr. Trump plans to address this conflict of interest and divest himself of all "benefits" from the lease.

The lease also requires Mr. Trump to make monthly and annual financial reports to GSA, produce an organizational chart, disclose revenues generated by the property, and disclose "whether to the best of Tenant's knowledge there exists an event or circumstance which constitutes a default or Event of Default by Tenant." It appears that an annual statement is required to be filed with GSA by early December.

For the reasons outlined above, we request a briefing no later than December 7, 2016, to address the following questions:

- 1. What communications, if any, did Mr. Trump or his representatives have with GSA after announcing his intention to run for President regarding the potential impact of his candidacy on the lease for the Old Post Office building?
- 2. What communications, if any, did Mr. Trump or his representatives have with GSA after the election regarding its impact on the lease for the Old Post Office building?
- 3. What communications, if any, have Mr. Trump or his representatives had with GSA about his proposed or actual approach to addressing the conflict of interest caused by Mr. Trump's interest in the Old Post Office building lease?
- 4. What information has GSA requested from Mr. Trump or his representatives pursuant to the terms of the lease, and what information have they provided?
- 5. What steps is GSA now taking to protect the interest of taxpayers with regard to the lease?

To further inform this inquiry, we also request unredacted copies of all lease agreements, administration agreements, amendments, attachments, appendixes, and annual and monthly statements between Trump Old Post Office LLC and the United States of America.

America (as "Landlord") and Trump Old Post Office, LLC (as "Tenant") (GS-LS-11-1307) (Aug. 5, 2013) (online at www.gsa.gov/portal/content/305477).

The Honorable Denise Turner Roth Page 4

We appreciate your prompt attention to this matter.

Sincerely,

Elijah E. Cumming

Ranking Member

Committee on Oversight and

Government Reform

Gerald Connolly

Ranking Member

Subcommittee on Government

Operations

Peter A. DeFazio Ranking Member

Committee on Transportation and

Infrastructure

André Carson

Ranking Member

Subcommittee on Economic

Development, Public Buildings and

Emergency Management

cc:

The Honorable Jason Chaffetz

Chairman, Committee on Oversight and Government Reform

The Honorable Bill Shuster

Chairman, Committee on Transportation and Infrastructure

The Honorable Mark Meadows

Chairman, Subcommittee on Government Operations

The Honorable Lou Barletta

Chairman, Subcommittee on Economic Developments, Public Buildings and Emergency Management



December 1, 2016

Denise Turner Roth Administrator General Services Administration 1800 F St., NW Washington, D.C. 20405

Dear Administrator Roth,

We write today to request information on how the General Services Administration (GSA) intends to protect taxpayer dollars and address conflicts of interest in its business relationship with President-elect Donald Trump and his family. Under the terms of a lease agreement GSA executed with affiliates of the Trump Organization to redevelop and manage the Old Post Office building in Washington, DC, it is likely impermissible for this relationship to remain in effect while President-elect Trump is President. Accordingly, GSA should immediately take steps to identify and mitigate any potential conflicts of interest relating to its lease agreement with President-elect Trump, including removing itself from the agreement to avoid any violations of law.

In 2013, GSA negotiated a lease agreement with Trump Old Post Office, LLC—a private company owned by President-elect Trump and his adult children. Under the terms of this agreement, President-elect Trump committed \$200 million to transform the Old Post Office Building in Washington, D.C., into a luxury hotel, and in return received the exclusive rights to run the hotel and retain all profits for a period of at least 60 years. The Trump International Hotel held a grand opening ceremony on October 26, 2016.

The terms of GSA's lease agreement will become problematic once President-elect Trump takes office. In a material term of the contract, GSA requires that no elected officials play a role in the agreement. GSA's contract with the Trump Old Post Office, LLC plainly states:

¹ Charley Lanyon, "President-elect Trump Is Suing Washington, D.C. (Again)," *New York Magazine* (November 16, 2016) (online at http://nymag.com/daily/intelligencer/2016/11/trump-suing-washington-dc-again.html).

² General Services Administration, "Old Post Office Ground Lease" (August 5, 2013) (online at http://www.gsa.gov/portal/mediaId/233119/fileName/Part_One_of_Segment_001_of_OPO_Ground_Lease_(2013)_RA.action); General Services Administration, "GSA and Trump Organization Reach Deal on Old Post Office Lease" (June 5, 2013) (online at http://www.gsa.gov/portal/content/172963).

³ Jonathan O'Connell, "Trump D.C. hotel to hold grand opening two weeks before election," *Washington Post* (October 20, 2016) (online at https://www.washingtonpost.com/news/digger/wp/2016/10/20/trump-d-c-hotel-to-hold-grand-opening-two-weeks-before-election/).

"No...elected official of the Government of the United States...shall be admitted to any share or part of this Lease, or to any benefit that may arise therefrom..."

Federal procurement officials include this clause in lease agreements to avoid the appearance of favoritism or preferential treatment toward federal officials. GSA officials managing the agreement are required to balance their duties to execute the terms of the contract entered into with the building's tenant while also protecting the interests of the building's landlord.

However, once President-elect Trump assumes office, he will oversee GSA and have the authority to appoint a new GSA Administrator, which will effectively make President-elect Trump landlord and tenant at the same time. Terms of the agreement also require annual disclosures of sensitive financial information and for GSA to renegotiate rent adjustments and other payments to the Trump Organization. Such a scenario will present unmanageable conflicts of interest for career GSA officials and President-elect Trump and will result in a breach of plain language stated in the lease agreement.

GSA's relationship with President-Elect Trump is also complicated by two provisions in the Constitution prohibiting the President from receiving additional "emoluments"—salaries, fees, or profits—from either the U.S. or foreign governments. Article II, Section 1, Clause 7 of the Constitution, states:

"The President shall...receive for his Services, a Compensation...and he shall not receive within that Period any other Emolument from the United States, or any of them." 5

Article I, Section 9, Clause 8 of the Constitution—often referred to as the "Emoluments Clause"—states:

"And no Person holding any Office...shall, without the Consent of the Congress, accept of any present, Emolument...of any kind whatever, from any...foreign State."

The lease agreement between GSA and President-elect Trump states that the "Landlord [to whom the Trump Old Post Office LLC, pays rent] shall mean the United States of America." If the current lease agreement remains, President-elect Trump will receive compensation from the federal government separate from his annual salary, which is prohibited by the Constitution. Foreign governments are also reportedly paying for their official representatives to stay at Trump International Hotel because the property is affiliated with the incoming President—the Kingdom of Bahrain, for example, recently booked space at the Trump Hotel for a reception. Once he

⁴General Services Administration, "Old Post Office Ground Lease: Ground Lease Segment One, part 2" (online at <a href="http://www.gsa.gov/portal/mediaId/233123/fileName/Part Two of Segment 001 of OPO Ground Lease (2013) RA.action), p. 103.

⁵ U.S. CONST. art. II, § 1, cl. 7.

⁶ U.S. CONST. art. I, § 9, cl. 8.

⁷ General Services Administration, "Old Post Office Ground Lease: Ground Lease Segment One, part 2" (online at <a href="http://www.gsa.gov/portal/mediaId/233123/fileName/Part Two of Segment 001 of OPO Ground Lease (2013) RA.action), p. 99.

⁸ Nolan D. McCaskill and Madeline Conway, "Bahrain to host event at Trump's D.C. hotel, raising ethical concerns," *Politico* (November 29, 2016).

takes office, payments from these foreign governments to entities owned by President-elect Trump's would likely result in a violation of the Emoluments Clause prohibition of payments from foreign governments.⁹

Immediately following his election, a lawyer for President-elect Trump stated he was "not interested in [his] company anymore" and vowed to disentangle himself from his financial assets by setting up a "blind trust"—but indicated that he intends to transfer control of his company to his three oldest children, which does not meet the definition of a qualified blind trust. President-elect Trump has recently announced that he will soon leave his "business in total" and provide additional information on December 15, 2016. While the details of this announcement remain unclear, any financial arrangement that places President-elect Trump or his children in charge of the Trump International Hotel will still result in a conflict of interest for GSA as it manages a lease agreement that financially benefits the President.

Despite the execution of the lease agreement nearly three years ago and the announcement of President-elect Trump's candidacy in June 2015, we are not aware that GSA has engaged in advanced planning to avoid real or perceived conflicts of interest involving the Old Post Office Building lease agreement. GSA has only recently stated that "[p]rior to Mr. Trump taking the oath of office, GSA plans to coordinate with the Office of Government Ethics (OGE) and the President-elect's transition team to allow a plan to be put in place to identify and address and potential conflicts of interest relating to the Old Post Office building." However, GSA needs to provide assurances to the American people that your agency will take whatever steps are necessary to protect taxpayer dollars and avoid any conflicts of interests.

To better understand the specific steps that the GSA is taking to address these issues, please provide the following information by December 9, 2016:

- 1. What guidance has the OGE provided to GSA officials on how to minimize conflicts of interest surrounding the lease agreement?
- 2. Has GSA received any advice from entities other than the OGE or developed internal guidance? If so, what actions does this advice or guidance dictate?

⁹ Jonathan O'Connell and Mary Jordan, "For Foreign Diplomats, Trump Hotel is Place to Be," *Washington Post* (November 18, 2016) (online at https://www.washingtonpost.com/business/capitalbusiness/2016/11/18/9da9c572-ad18-11e6-977a-1030f822fc35_story.html).

ad18-11e6-977a-1030f822fc35 story.html).

Nark Hensch, "Trump org exec: "Trump 'not interested' in businesses now," The Hill (November 10, 2016) (online at http://thehill.com/blogs/ballot-box/presidential-races/305374-trump-org-exec-trump-not-interested-in-businesses-now); Darren Samuelsohn, "Trump's kids to run businesses via 'blind trust,' Trump attorney says," Politico (November 10, 2016) (online at http://www.politico.com/story/2016/11/trump-children-business-blind-trust-2311790).

Aram Roston, "Federal Agency Doing Business With Trump Is Trying To Avoid A Massive Conflict Of Interest," *Buzzfeed News* (November 11, 2016) (online at https://www.buzzfeed.com/aramroston/federalagencyinbusinesswithtrump?utm_term=.vm5RgdjbX#.pp57rBNO5).

- 3. What steps, since President-elect Trump announced his candidacy for president in August 2015, has the GSA taken to investigate potential conflicts of interest with the Trump Hotel Lease?
- 4. Legal experts from both Democratic and Republican Administrations argue that Mr. Trump, as President, must divest his hotel-related assets, or place them in a qualified blind trust, to avoid conflicts of interest related to this hotel.¹² Should President-elect Trump refuse to do so, refuse to follow the advice of OGE, or place his company under the control of his children, what actions will the GSA take to address potential conflicts of interest from its lease with Trump Old Post Office, LLC?

In addition to a prompt response to these questions, please provide our staffs with a briefing on this topic during the week of December 12, 2017. If you or members of your staff have any questions about this request, please free to ask your staff to contact Susannah Savage with Senator Warren's staff at 202-224-4543 and Roberto Berrios with Ranking Member Carper's staff at 202-224-2627. Thank you very much for your attention to this matter.

With best personal regards, we are

Sincerely yours,

Elizabeth Warren United States Senator Tom Carper

United States Senator

Ranking Member

Committee on Homeland Security and Governmental Affairs

¹² Steven L. Schooner and Daniel I. Gordon, "Trump leases his D.C. hotel from a government agency he'll soon be in charge of," *Washington Post* (November 15, 2016) (online at

https://www.washingtonpost.com/posteverything/wp/2016/11/15/trump-needs-to-give-up-his-trump-hotel-lease-right-now/?utm_term=.77bea306839e); Bernard Condon, "Lawyers: Trump Has to Sell DC Hotel Before Taking Office," *ABC News* (December 1, 2016) (online at http://abcnews.go.com/Business/wireStory/lawyers-trump-sell-dc-hotel-taking-office-43894344).

Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
2157 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–6143

MAJORITY (202) 225–5074 MINORITY (202) 225–5051 http://oversight.house.gov

December 22, 2016

The Honorable Denise Turner Roth Administrator General Services Administration 1800 F Street, NW Washington, D.C. 20405

Dear Administrator Roth:

We are writing pursuant to the statutory "Seven Member Rule" to obtain unredacted copies of documents related to the imminent breach-of-lease and conflict-of-interest issues created by President-elect Donald Trump's ownership interest in the lease with the U.S. Government for the Trump International Hotel building in Washington, D.C.

Ranking Member Elijah E. Cummings and Subcommittee on Government Operations Ranking Member Gerald E. Connolly, along with Transportation and Infrastructure Committee Ranking Members Peter DeFazio and André Carson, first requested these documents in a letter to you on December 14, 2016. Their letter requested that the documents be produced by December 20, 2016, but GSA did not produce the requested documents by that time.

The Seven Member Rule is unique authority passed by Congress and signed by the President in 1928 that requires any executive agency to "submit any information requested of it relating to any matter within the jurisdiction of the committee" when requested by seven members of the Committee on Oversight and Government Reform.²

¹ Letter from Ranking Member Elijah E. Cummings, House Committee on Oversight and Government Reform, Ranking Member Peter A. DeFazio, House Committee on Transportation and Infrastructure, Ranking Member Gerald Connolly, Subcommittee on Government Operations, and Ranking Member André Carson, Subcommittee on Economic Developments, Public Buildings and Emergency Management, to the Honorable Denise Turner Roth, Administrator, General Services Administration (Dec. 14, 2016) (online at https://democrats-oversight.house.gov/sites/democrats.oversight.house.gov/files/documents/2016-12-14.EEC%20DeFazio%20Connolly%20Carson%20to%20Roth%20re%20Trump%20Hotel%20Conflicts%20....pdf).

² 5 U.S.C.§ 2954. 45 Stat. 996 (1928). The statutory language refers to the "Committee on Government Operations." The Committee was renamed several times since the statute was originally drafted, and in the 110th Congress it was renamed the Committee on Oversight and Government Reform. References in law to the Committee on Government Operations are treated

For example, in *Henry A. Waxman v. Donald L. Evans*, United States District Court Judge Lourdes G. Baird granted sixteen members of the Committee summary judgment in a case brought against the Department of Commerce to enforce the Seven Member Rule. The court ruled that the Department was required to provide adjusted data from the 2000 census.³

Similarly, in September, the State Department produced an unredacted email exchange between former Secretary of State Colin Powell and former Secretary of State Hillary Clinton in response to a request sent by Oversight Committee Members under the "Seven Member Rule."

Under House Rule X, the Oversight Committee has jurisdiction over "Government management and accounting measures generally," as well as the "Overall economy, efficiency, and management of government operations and activities, including Federal procurement." In addition, as the primary investigative body in the House, the Committee also has the broad authority "at any time to conduct investigations" of "any matter."

Pursuant to the Seven Member Rule, please provide unredacted copies of the following documents by 5 p.m. on December 28, 2016:

- 1. a list of any currently available, unleased space within the hotel;
- 2. a copy of the fifth amendment to the lease;
- 3. a copy of Exhibit G to the lease, which lists the ownership of the leasing corporate entity;
- 4. all monthly expense and profit projections;
- 5. any legal memos regarding potential conflict of interest of Mr. Trump having an ownership interest in the hotel and serving as President;
- 6. the first monthly report submitted to GSA by the Trump Organization in November describing revenues and expenses for September and, when it is provided this month, the next monthly report describing revenues and expenses for October; and

as referring to this Committee.

 $^{^3}$ Henry A. Waxman v. Donald L. Evans, CV 01-4530 LGB (AJWx) (C.D. Cal. 2002).

⁴ Letter from Julia Frifield, Assistant Secretary Legislative Affairs, Department of State, to Ranking Member Elijah E. Cummings, House Committee on Oversight and Government Reform (Rec'd Sept. 7, 2016) (online at https://democrats-oversight.house.gov/news/press-releases/cummings-releases-full-powell-email-advising-clinton-on-personal-email-use).

⁵ House rule X, clause (1)(n).

⁶ House rule X, clause (4)(c)(2).

The Honorable Denise Turner Roth Page 3

7. a summary or analysis of the bankruptcy of the previous tenant leasing the Old Post Office.

If you have any questions about this request, please contact Krista Boyd on my staff at (202) 225-5051. Thank you for your cooperation with this matter.

Sincerely,

Eligh E Cunings

Supl Porjul

Aud E. Comly

Brin atmalen

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Um Laux Clay

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MARK TER.

ce: The Honorable Jason Chaffetz, Chairman



January 3, 2017

The Honorable Elijah E. Cummings Ranking Member Committee on Oversight and Government Reform House of Representatives Washington, DC 20515

Dear Representative Cummings:

Thank you for your letter dated December 22, 2016, from 11 members of the House Committee on Oversight and Government Reform requesting certain records related to the Old Post Office pursuant to 5 U.S.C. § 2954 (the "Seven Member Rule"). Your inquiry has been referred to me for response. Specifically, the request sought:

- 1. A list of any currently available, unleased space within the hotel;
- A copy of the fifth amendment to the lease;
- 3. A copy of Exhibit G to the lease, which lists the ownership of the leasing corporate entity;
- All monthly expense and profit projections;
- Any legal memos regarding potential conflict of interest of Mr. Trump having an ownership interest in the hotel and serving as President;
- The first monthly report submitted to GSA by the Trump Organization in November describing revenues and expenses for September and, when it is provided this month, the next monthly report describing revenues and expenses for October; and
- A summary or analysis of the bankruptcy of the previous tenant leasing the Old Post Office.

Per the Old Post Office Building Redevelopment Act of 2008, Congress directed the General Services Administration (GSA) to redevelop this underutilized historic building. GSA ran a fair and open competition, subject to careful and rigorous review, which resulted in the selection of the Trump Organization as the preferred private sector entity to redevelop the Old Post Office.

In 2013, following the open competition, selection of a contractor, and review of its material terms by Congress, GSA signed a lease with the Trump Old Post Office, LLC (the LLC). In accordance with the lease, the LLC will pay GSA rent for 60 years to use the Old Post Office facility as a hotel. Additionally, the lease provides for profit sharing with GSA upon the meeting of certain financial benchmarks. Finally, the lease ensures the historic preservation and integrity of the Old Post Office building.

Consistent with the Seven Member Rule and judicial and Department of Justice, Office of Legal Counsel opinions (see e.g., 6 Op. O.L.C. 632 (1982) and 28 Op. O.L.C. 79 (2004)), enclosed please find attachments responsive to your request. Attachment A contains unredacted copies of: (a) the fifth amendment to the Old Post Office lease, (b) Exhibit G to the lease, (c) the 2017 budget estimate, and (d) the monthly income statements from September and October 2016. The documents are produced pursuant to a request under 5 U.S.C. § 2954 and contain

1800 F Street, NW Washington, DC 20405-0002 privileged or confidential information protected from public release in accordance with the Privacy Act, Freedom of Information Act, and/or other statutory or regulatory protections. The provision of the records to members of the House Committee on Oversight and Government Reform pursuant to a request in accordance with 5 U.S.C. § 2954 does not waive GSA's ability to assert a privilege regarding this material in the future. Please do not further disseminate this information without prior written coordination and approval from the General Services Administration. Attachment B contains redacted versions, previously provided, which can be publicly shared. Please note that GSA does not have a list of unleased space within the hotel.

Finally, as for the previous tenant that leased the Old Post Office, that entity filed for bankruptcy due to a variety of reasons, including market forces beyond GSA's control. GSA drafted certain protections in the present lease to protect the Government, including obtaining a security deposit; equity guaranty; and, a bad acts guaranty. In the event of a bankruptcy, the lease contains terms and conditions to protect the interests of the Government through remedies available under the United States Bankruptcy Code, 11 U.S.C. §§101 et seq., as may be amended from time to time, and if the lease is rejected under the Bankruptcy Code, the lease contains additional terms to address and protect the Government's interest.

If you have any questions, please contact me at (202) 501-0563.

Sincerely.

Lisa A. Austin

Associate Administrator

cc:

The Honorable Jason Chaffetz, Chairman

The Honorable William Lacy Clay

The Honorable Stephen Lynch

The Honorable Jim Cooper

The Honorable Gerald E. Connolly

The Honorable Ted Lieu

The Honorable Bonnie Watson Coleman

The Honorable Mark DeSaulnier

The Honorable Brendan F. Boyle

The Honorable Peter Welch

The Honorable Michelle Lujan Grisham

Trump Old Post Office LLC

725 Fifth Avenue, 26th Floor New York, NY 10022

December 16, 2016

BY OVERNIGHT DELIVERY

United States General Services Administration Portfolio Management - Suite 7600 7th & D Streets, S.W. Washington, D.C. 20407 Attention: Kevin Terry

Re: Ground Lease (as previously amended and as may be further amended from time to time, the "Lease"), dated as of August 5, 2013, between the United States of America, acting by and through the Administrator of General Services ("Landlord") and Trump Old Post Office LLC ("Tenant")

Dear Kevin:

Please be advised that Donald J. Trump ("Mr. Trump") intends to assign all of his interests in Trump Old Post Office Member Corp to DJT Holdings Managing Member LLC ("Holdings MM", and such assignment to Holdings MM, the "Transfer"). We anticipate the Transfer to be consummated no earlier than January 1, 2017.

Like the prior transfers that occurred in February 2016, the Transfer does not require Landlord's consent under Article XV of the Lease. The Trust is a Trump Family Member, and therefore a Trump Affiliate, because the Trust is a trust for the primary benefit of Mr. Trump. An executed copy of the document consummating the Transfer will be provided to you after the Transfer has been consummated.

Capitalized terms used but not defined herein shall have the meaning given to them in the Lease.

Please do not hesitate to contact us if you have any questions or concerns.

Very truly yours,

TRUMP OLD POST OFFICE LLC, a Delaware limited liability company

(b) (6)

Title: Authorized Signatory

cc: United States General Services Administration Office of Regional Counsel, Suite 7048 7th & D Streets, S.W. Washington, DC 20407

Attn: Regional Counsel

Reno & Cavanaugh PLLC 455 Massachusetts Avenue, NW, Suite 400 Washington, DC 20001

Attn: Barbara Wachter Needle, Esq.

Trump Cld Post Office LLC

725 Fifth Avenue, 26th Floor New York, NY 10022

December 29, 2016

BY OVERNIGHT DELIVERY

United States General Services Administration Portfolio Management - Suite 7600 7th & D Streets, S.W. Washington, D.C. 20407 Attention: Kevin Terry

Re:

Ground Lease (as previously amended and as may be further amended from time to time, the "Lease"), dated as of August 5, 2013, between the United States of America, acting by and through the Administrator of General Services ("Landlord") and Trump Old Post Office LLC ("Tenant")¹

Dear Kevin:

Please be advised that the Ivanka Trump Revocable Trust dated August 13, 2010 may transfer its interests in Ivanka OPO LLC to another trust (the "IT Transfer"). In the event it occurs, we anticipate the IT Transfer to be consummated before January 20, 2017. Please note that the IT Transfer is a transfer of a non-Controlling interest in Tenant and does not require Landlord's consent under Article XV of the Lease. For your reference, attached hereto as Exhibit A is a true and correct Organizational Chart as of the date hereof, and attached hereto as Exhibit B is the Organizational Chart that will be true and correct following the consummation of both the IT Transfer (if it occurs) and the Transfer referenced in that certain notice letter sent by Tenant to Landlord on December 16, 2016.

We will keep you updated as to the status of the IT Transfer and notify you in the event the IT Transfer will not be consummated.

Please do not hesitate to contact us if you have any questions or concerns. Thank you.

[Signature Page Follows]

Capitalized terms used but not defined herein shall have the meaning given to them in the Lease.

Very truly yours,

TRUMP OLD POST OFFICE LLC,

a Delaware limited liability company

y: **(b) (b)**

Name: Adam L. Rosen Title: Authorized Signatory

cc: United States General Services Administration Office of Regional Counsel, Suite 7048

7th & D Streets, S.W. Washington, DC 20407 Attn: Regional Counsel

Reno & Cavanaugh PLLC 455 Massachusetts Avenue, NW, Suite 400 Washington, DC 20001

Attn: Barbara Wachter Needle, Esq.

Exhibit A

(see attached)

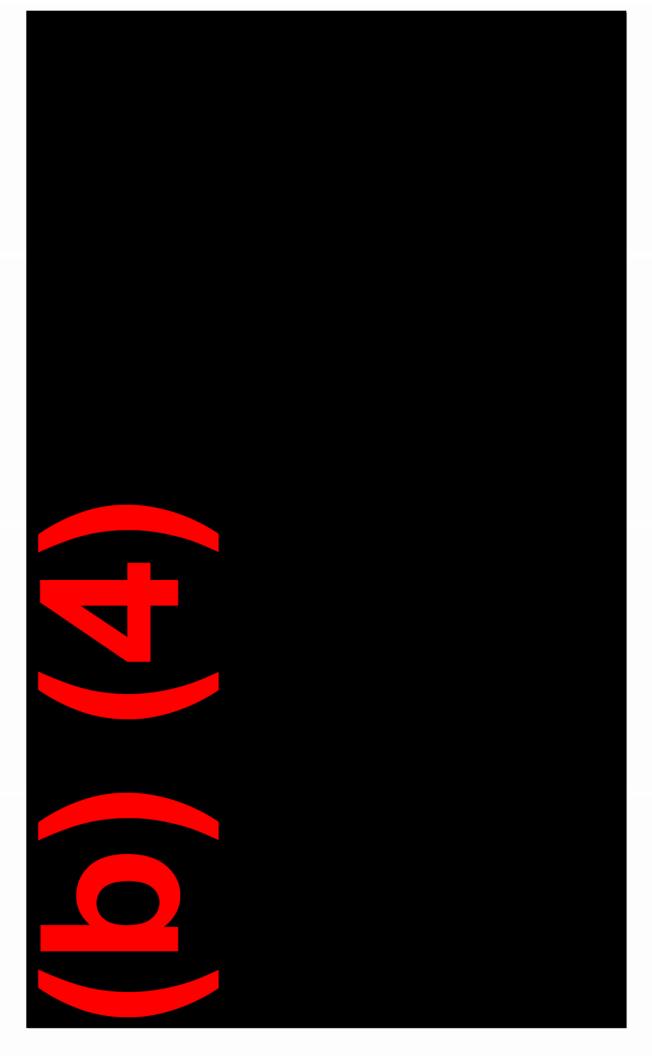
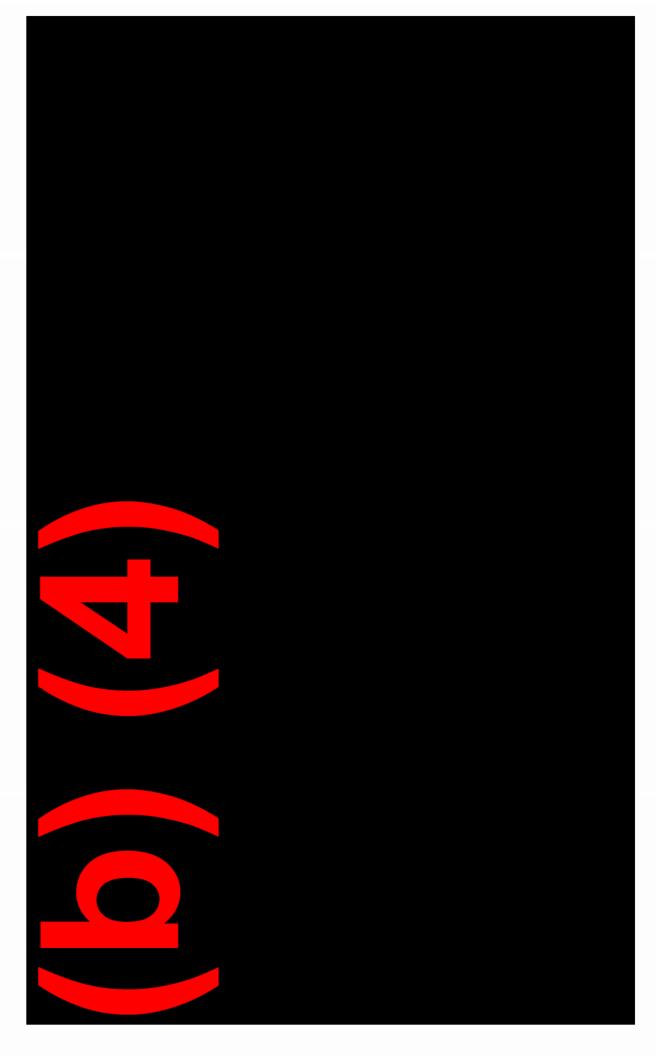


Exhibit B

(see attached)



Trump Old Post Office LLC

725 Fifth Avenue, 26th Floor New York, NY 10022

January 11, 2017

VIA EMAIL AND OVERNIGHT DELIVERY

United States General Services Administration Portfolio Management - Suite 7600 7th & D Streets, S.W. Washington, D.C. 20407 Attention: Kevin Terry

Re:

Ground Lease (as previously amended and as may be further amended from time to time, the "Lease"), dated as of August 5, 2013, between the United States of America, acting by and through the Administrator of General Services and Trump Old Post Office LLC¹

Dear Kevin:

In connection with my letter to you dated December 16, 2016, regarding the transfer by Donald J. Trump of his interests in Trump Old Post Office Member Corp to DJT Holdings Managing Member LLC (the "**Transfer**"), as requested, attached hereto as <u>Exhibit A</u> is a copy of the current Organizational Chart, and attached hereto as <u>Exhibit B</u> is a copy of the Organizational Chart that will be current following the consummation of such Transfer. As discussed, we anticipate the Transfer to be consummated on January 19, 2017, at which time we will send you a copy of the executed transfer document.

Please do not hesitate to contact us if you have any questions or concerns.

Very truly yours,

TRUMP OLD POST OFFICE LLC, a Delaware limited liability company

By: Name: Adam L. Rosen

Title: Authorized Signatory

Capitalized terms used but not defined herein shall have the meaning given to them in the Lease.

cc: United States General Services Administration

Office of Regional Counsel, Suite 7048

7th & D Streets, S.W. Washington, DC 20407 Attn: Regional Counsel

Reno & Cavanaugh PLLC 455 Massachusetts Avenue, NW, Suite 400 Washington, DC 20001

Attn: Barbara Wachter Needle, Esq.

Exhibit A

(see attached)

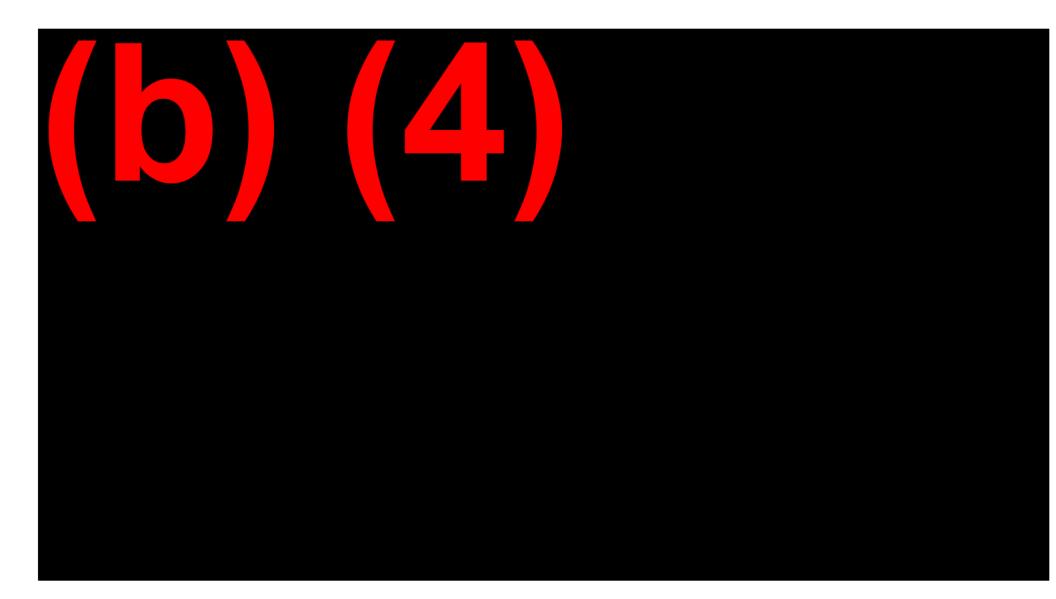


Exhibit B

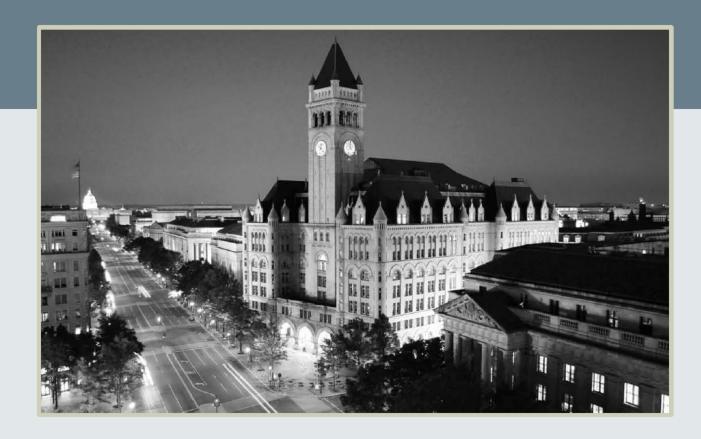
(see attached)



Old Post Office Redevelopment Points of Note

- Two restaurants had signed agreements with Trump, Jose Andres and Geoff Zakarian, though neither followed through opening in the hotel.
 There is ongoing litigation between these parties
- There are three Mechanics Liens that have been filed against the Trump Organization; the Trump Organization is compliant in the cure process
- There are financial reporting requirements that are required per the terms of the Ground Lease; Trump is currently fully compliant
- They are contesting the tax assessment value and ultimately the Possessory Interest Tax that DC has indicated is owed on the leasehold interest
- Replacement of Arthur Cotton Moore with Beyer Blinder Belle
- Removal of Colony Capital as part of the Capital Stack
- Closing of the HTC process Part 3 in process
- Letters concerning divestiture by DJT and Ivanka; detail not yet provided

The Old Post Office Redevelopment





Old Post Office Redevelopment Building History & Background

- The Old Post Office (OPO), located at 11th and PA Ave., was originally designed by Willoughby Edbrooke with construction completing in 1899.
 - OPO approx. 400k GSF
 - Annex approx. 100k GSF (built 1992)
- OPO originally housed both the U.S. Post Office Department and the Washington City Post Office.



- In the early 1970's, the building was saved from demolition by a local preservation movement and shortly thereafter in 1973 was listed on the National Register of Historic Places
- Building was occupied by the Advisory Council on Historic Preservation, National Endowment for the Humanities and National Endowment for the Arts who would need to be relocated

January 2017



Old Post Office Redevelopment Development Timeline

1982: GSA uses authority under the Cooperative Use Act of 1976 to award a 55 year outlease for the redevelopment ground floor area, subsequently named the Pavilion. The Pavilion opens fully leased in 1983.

1989: Lease amended to allow for the construction of the Annex. The Annex opens in 1992 but is never fully leased.

1998: Lessee defaulted on the mortgage and the leases is acquired by Collin Equities

1999: P.L. 105-227 requires GSA to submit a redevelopment plan for the OPO. After failed attempts to restructure the lease to allow for a holistic approach to the redevelopment of the entire site, GSA commences buyout discussions with Collin Equities and eventually buys out the lease interest in 2000-2001

2001-04: GSA begins planning for redevelopment, beginning with a Urban Land Institute charette. Redevelopment plans stall for multiple reasons.

January 2017



Old Post Office Redevelopment Old Post Office Redevelopment Act of 2008

The enactment of Old Post Office Building Redevelopment Act of 2008, PL 110-359 on October 8, 2008 directs the Administrator to provide for the redevelopment of the OPO, using authority from Section 111 from the National Historic Preservation Act (NHPA) which allows GSA to enter into lease for assets listed on the National Register of Historic Places.

GSA issued an RFP in March 2011 envisioning an opportunity to enhance the value in accordance with the Congressional mandates and states its goals for the redevelopment as follows:

- Leverage the expertise of the real estate industry to reposition the OPO as a viable asset;
- Preserve the historic integrity of the OPO
- Put the OPO to its highest and best use;
- Provide a lucrative financial return to the Government;
- Provide for public access; and
- Contribute to the vitality of Pennsylvania Avenue,
 the Federal Triangle and DC





Old Post Office Redevelopment Macro Terms of the RFP

- GSA proposed a Ground Lease structure and would continue to exercise custody of the OPO on behalf of the federal government
- · GSA would lease the OPO in "AS IS, WHERE IS" condition
- GSA would be responsible for complying with the National Historic Preservation Act (NHPA), specifically and Section 106
- GSA would be responsible for complying with National Environmental Policy Act (NEPA)
- GSA would be responsible for ensuring that the Preferred Selected Developer (PSD) provides for public access to the Clock Tower
- GSA would act as the permitting agency in lieu of District of Columbia's Office on Regulatory Affairs (DCRA) DC's permitting office
- GSA will complete the design/construction review and oversight and issue the Certificate of Occupancy

January 2017



Old Post Office Redevelopment Selection Process & Criteria

GSA Selection Criteria by Source Evaluation Board (SEB)

SEB made up of four person federal employee selection panel; Selecting official was NCR Regional Commissioner (delegated from PBS Commissioner)

- 1. Experience and Past Performance of Developer and Developer's Key Personnel 15%
- 2. Developer's Site Plan and Design Concept 35%
- Developer's Financial Capacity and Capability
 15%
- 4. Developer's Financial Offer and Supporting Financial Information 35%

50 % Qualitative

50 % Quantitative



Old Post Office Redevelopment GSA Due Diligence for Selection

GSA Outside Review Assistance

Qualitative Advisor Review

- 8 independent reviews were completed by both private sector and public sector experts
- Practicing Architects, Deans of Architecture Schools, and Local DC regulatory community including NCPC, CFA and the DC SHPO

Financial Advisor Review

- Private sector financial advisor was retained and reviews completed for all offers
- Vast expertise in urban redevelopment including large scale projects, historic expertise, hospitality expertise and office development

January 2017



- 10 proposals formally submitted in response to the RFP
- Predominant proposed uses:
 - 5 Hotel in OPO with Conference/Ballroom Annex
 - 2 Hotel in OPO with Office at Annex Site
 - 1 Hotel in OPO with Museum at Annex Site
 - 1 Office in OPO and Annex Site
 - 1 Media Center in OPO with Office in OPO & Annex
 Site

Unofficially confirmed hotel is highest and best use

January 2017



Old Post Office Redevelopment Selection of Trump Organization

In February 2012, GSA selected the Trump Organization Proposal

- Luxury 261 Room Hotel with Spa (finished with 272)
- New ground floor museum/exhibition space
- Multiple high end restaurants
- The existing Annex space to be renovated for Conference/Ballroom space
- Reorientation of entrance to provide for new vehicular entrance off 11th St.
- Valet only parking to be added underground to the Annex
- · Inviting public space on Penn Ave. and C St.





Original Sketches

January 2017 9



Old Post Office Redevelopment Key Terms Ground Lease Terms

Term: 60 Year Ground Lease; Two 20 year Options that can be earned by

financial success of the project

Annual Minimum of \$3M escalated annually at CPI; Percentage

Payment: Rent structure could push rent above \$3M

Trump Proposed Costs: \$200,000,000

Taxes: Trump is responsible for and pay directly all taxes arising out of or in

connection with the Lease

Equity Guaranty: Donald J. Trump provided a personal \$40 million guaranty at

lease execution, which will become effective upon construction

commencement.

Historic Tax

Credit:

The Trump Organization sought Tax Credit; administered through NPS

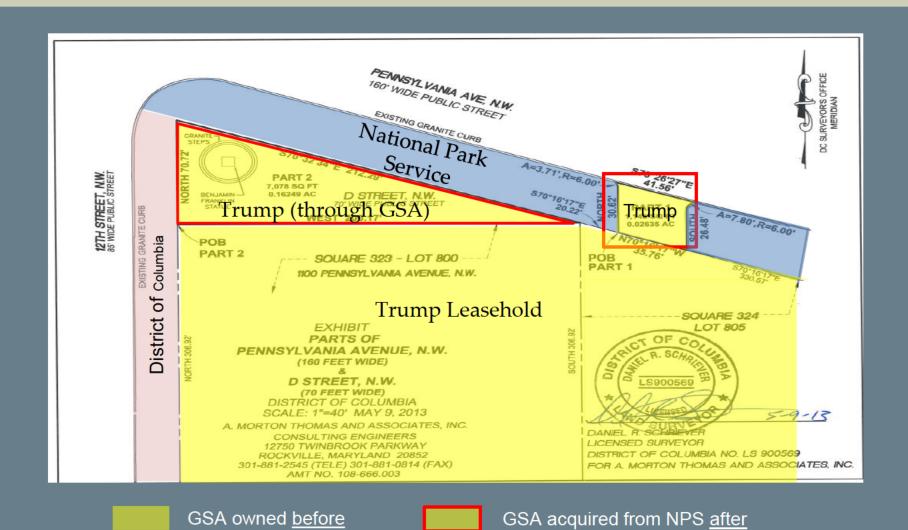
Public Access: Trump shall permit public access to the clock tower, which will

be operated by the National Park Service (NPS)

January 2017 10



Old Post Office Redevelopment Premises



January 2017 11

issuance of RFP

issuance of RFP



Old Post Office Redevelopment Current Status

- GSA provided a Temporary Certificate of Occupancy (TCO) on September 12, 2016 to allow for a soft opening of the hotel restaurants/rooms/conference (approx. 75% of space)
- Multiple subsequent TCOs have been provided since Sept.
 2016
 - Clock Tower Space & 2 Hotel Rooms remain outstanding; expected to be issued by early Feb.; Clock Tower scheduled to open to the public Feb 1, 2017

 Final Certificate of Occupancy not expected until March/April 2017 as Trump Organization needs to completed punch list items

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Old Post Office Redevelopment Link to Ground Lease

A redacted version of the lease can be found at GSA's Online FOIA Reading Room

https://www.gsa.gov/portal/content/305477

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TERMS from Ground Lease

37.19 Interested Parties.

No member or delegate to Congress, or elected official of the Government of the United States or the Government of the District of Columbia, shall be admitted to any share or part of this Lease, or to any benefit that may arise therefrom; provided, however, that this provision shall not be construed as extending to any Person who may be a shareholder or other beneficial owner of any publicly held corporation or other entity, if this Lease is for the general benefit of such corporation or other entity.